

ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development gives Notice of Intended Action to amend Chapter 71, "Targeted Jobs Withholding Tax Credit Program," Iowa Administrative Code.

The proposed amendments establish a limit on the total amount of withholding tax credits awarded based upon the total amount of depreciable assets in the project, defines matching funds to be provided by the business and the local community, and requires all applications to be presented to the Iowa Department of Economic Development Board for comment prior to the Department's approval.

Public comments concerning the proposed amendments will be accepted until 4:30 p.m. on September 10, 2008. Interested persons may submit written comments to Stoney B. Harris, Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)242-4735.

A public hearing to receive comments about the proposed amendments will be held from 2:30 to 4:30 p.m. on September 10, 2008, at the above address in the Iowa Room, Second Floor.

These amendments are intended to implement Iowa Code Supplement section 403.19A.

The following amendments are proposed.

ITEM 1. Strike "81GA, HF2731" wherever it appears in **261—Chapter 71** and insert "403" in lieu thereof.

ITEM 2. Amend rule **261—71.1(403)**, "Act" as follows:

"Act" means ~~2006 Iowa Acts, House File 2731~~ Iowa Code Supplement section 403.19A.

ITEM 3. Amend subrule 71.4(2) as follows:

71.4(2) Entering into an agreement. A pilot project city may enter into a withholding agreement with a business locating to the community from another state that is creating or retaining targeted jobs in an urban renewal area. The pilot project city may enter into a withholding agreement with a business currently located in Iowa only if the business is creating at least ten new jobs or making a qualifying investment of at least \$500,000 within the urban renewal area. The total award amount of withholding tax credits cannot exceed the total amount of capital investment of depreciable assets in the project. A business shall not be obligated to enter into a withholding agreement with a pilot project city. A pilot project city shall not enter into a withholding agreement with a business after June 30, 2010.

ITEM 4. Amend subrule 71.4(7) as follows:

71.4(7) Local match requirement. A pilot project city entering into a withholding agreement shall arrange for the business to provide a match of at least one dollar for each withholding dollar received by the ~~city business~~. The local match may come from the pilot project city, a private donor, or the employer or a combination of the three. Local matches may be in the form of cash or in-kind contributions to be used for the project. For projects receiving tax credits under the targeted jobs withholding tax credit, local match requirements will be determined by the local fiscal impacts of the project. For projects that will result in an increase in local taxes (e.g., new construction, building additions), applicants will be expected to show one of the following two forms of local match.

a. Tax abatement for the project, provided under Iowa Code chapter 427B.

b. An acceptable form of local match that is equal to the value of tax abatement under Iowa Code chapter 427B, under the established five-year sliding scale.

If a project will not result in an increase in local taxes (i.e., project includes only the purchase of machinery/ equipment), then no local match is required.

ITEM 5. Amend paragraph **71.5(1)“b”** as follows:

b. Applications for project approval for the targeted jobs withholding tax credit program may be submitted at any time. The department will review applications for projects in as timely a manner as possible. All applications will be presented to the IDED board for comment prior to the department’s approval. A pilot project city will be notified in writing of the department’s decision regarding the project.

ITEM 6. Amend subrule 71.6(2) as follows:

71.6(2) *Annual report.* The department shall prepare an annual report for the governor, the general assembly, and the legislative services agency on the targeted jobs withholding tax credit program. This report shall be due on ~~July 31~~ January 31 of each year. The report shall include but not be limited to the following:

a. to d. No change.

ITEM 7. Amend **261—Chapter 71**, as follows:

These rules are intended to implement ~~2006 Iowa Acts, House File 2731~~ Iowa Code Supplement section 403.19A.